

Instrument prepared by:

**VIRGINIA GAS AND OIL BOARD**

Order recorded under:

**CODE OF VIRGINIA  
§ 45.1-361.26****VIRGINIA:****BEFORE THE GAS AND OIL BOARD****APPLICANTS:**

EQT Production Company on behalf of Range Resources-Pine Mountain Inc.; Denver C. Barton and Amanda S. Barton seeking disbursement of funds in Tract 4 of Unit VC-535874.

**DOCKET NO.****04-0921-1336-01****RELIEF  
SOUGHT:**

Issuance: A Supplemental Order for Disbursement of Escrowed Funds  
 Action: Amending Prior Orders Affecting Drilling VC-535874, Tract 4  
 (Referenced herein as "the Subject Drilling Unit")

Location: Buchanan County, Virginia

**Action Details:**

- (1) To provide a calculation of funds, Unit Operator has deposited into the Escrow Account for Drilling Unit VC-535874 by Tract Subaccounts;
- (2) To provide each applicant, in simple terms, a complete month over month Royalty Accounting of unit production, costs, taxes and proceeds, depicting variables used in the calculation of royalty payments to the unit escrow account.
- (3) To disburse unit funds to the Applicants, in accordance with their Unit Ownership Interests relative to those funds deposited by the Unit Operator into Subject Drilling Unit's

**REPORT OF THE BOARD****FINDINGS AND ORDER**

1. **Hearing Date and Place:** This matter came on for final hearing before the Virginia Gas and Oil Board (herein "Board") at 9:00 a.m. on May 17, 2011 at the Russell County Government, Conference Center, and 139 Highland Drive in Lebanon, VA.
2. **Appearances:** Mr. James E Kaiser Esq. of Wilhoit and Kaiser, Attorneys at Law, appeared for the Unit Operator; and Sharon M.B. Pigeon, Assistant Attorney General, was present to advise the Board.
3. **Jurisdiction and Notice:** Pursuant to Va. Code §§ 45.1-361.1 *et seq.*, and in particular Va. Code §§ 45.1-361.21 and 45.1-361.22, the Board finds that it has jurisdiction over the establishment and maintenance of an escrow account, with tract sub accounts, for each of the coalbed methane gas drilling units established by the Board through its field rules that are subject to a Board pooling order. Further, the Unit Operator is required to deposit, as applicable, those funds specified in Va. Code § 45.1-361.21.D., 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4 into the applicable escrow tract sub accounts. The Board finds that: (1) while it **does not** have jurisdiction to resolve conflicting claims to the ownership of the Coalbed Methane Gas produced by the Unit Operator from wells located on Subject Drilling Unit, and (2) while it **does not** have jurisdiction to interpret agreements by and between the Gas owners/claimants and/or the Unit Operators or to abridge or contravene the provisions of such agreements, (3) pursuant to Va. Code § 45.1-361.22.A.5, **the Board does have jurisdiction and authority to disburse funds from the Escrow Account** provided the Board has been provided with a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between the conflicting claimants or an agreement among all claimants owning conflicting estates in the tracts in question or any undivided interest therein.

4. **Prior Proceedings:**

- 4.1. (a) On September 21, 2004 the Board executed its order pooling interests in the Subject Drilling Unit for the production of occluded natural gas produced from coalbeds and rock strata associated therewith (herein "Gas") in accordance with the provisions of Va. Code SS 45.1-361.21 and 45.1-361.22 (herein "Pooling Order"). The Pooling Order was filed with the Clerk of the Circuit Court of Buchanan County on February, 18, 2005, Deed Book 612, and Pages 0001 to 0020, Instrument Number 050000455. The Board executed its Supplemental Order Regarding Elections that was filed with the Clerk of the Circuit Court of Buchanan County on June 22, 2005, Deed Book 0620, and Pages 0116 to 0124.
- (b) On November 15, 2006, the Board executed an Amended Supplemental Order and Amended Affidavit of Wilhoit & Kaiser, Attorneys-at-Law Agents for the Designated Operator regarding Elections, Escrow Accounts and Supplemental Order. The Supplemental Order was filed with the Clerk of the Circuit Court of Buchanan County on November 17, 2006, Instrument 060003827.
- 4.2. To the extent claims to the Gas were in conflict, pursuant to Va. Code S 45.1-361-22 payments attributable to said conflicting claims were ordered deposited by the Unit Operator into the escrow account established by the Pooling Orders (herein "Escrow Account"). According to the Pooling Orders and testimony, the coal estate ownership interests of Range Resources-Pine Mountain Inc; and the gas ownership interests of the Denver C. Barton and Amanda S. Barton in Tract 4 in the Subject Drilling Unit were in conflict and became subject to the escrow requirements of the Pooling Order.
- 4.3. The Unit Operator's Miscellaneous Petition regarding Tract 4, a copy of which is attached to and made a part hereof, states under oath that Range Resources-Pine Mountain Inc. and the Applicants have entered into an agreement with regards to Tract 4 and that by the terms of the agreements, Range Resource-Pine Mountain Inc and Denver C. Barton and Amanda S. Barton have entered into a split agreement ( 0% / 100%) regarding this tract (with RRPM waiving their rights to royalty in Tract 4) and escrow regarding these individual conflicting claims detailed herein, is no longer required for these parties.
- 4.4. The Unit Operator gave notice to Range Resources-Pine Mountain Inc and the Applicants that the Board would consider its disbursement authorization at its hearing on May 17, 2011 and consider whether to: (1) amend the Pooling Order to provide for the disbursement a portion of funds on deposit in the Escrow Account attributable to Tract 4 identified in the attached miscellaneous petition (2) delete the requirement that the Unit Operator place future royalties attributable to a portion of said Tract 4 relative to the interests of Applicants identified in the miscellaneous petition in the Escrow Account, and (3) **CLOSE** the escrow account under this docket number because there are no other parties under this order subject to continued payments in the escrow.
- 4.5. The Unit Operator filed the attached accounting for Subject Drilling Unit's Escrow Account with the Board ("Accounting").

5. **Findings:**

5.1. **Va. Code 45.1-361.22.5 provides:**

*The Board shall order payment of principal and accrued interests, less escrow account fees, from the escrow account to conflicting claimants within thirty days of receipt of notification of (i) a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between them or (ii) an agreement among all claimants owning conflicting estates in the tracts in question or any undivided interest therein. The amount to be paid to the conflicting claimants shall be determined based on the percentage of ownership interest of the conflicting claimants as shown in the operator's supplemental filing made part of the pooling order that established the escrow account, the operator's records of deposits attributable to those tracts for which funds are being requested, and the records of the escrow account for the coalbed methane gas drilling unit. The interests of any cotenants who have not entered into an agreement shall remain in the escrow account.*



5.2 Applicant has certified and represented to the Board that:

- (1) Range Resources-Pine Mountain Inc. and Denver C. Barton and Amanda S. Barton; are the owners of the coal and gas acreage estate underlying a portion of VGOB Tract 4 of the Subject Drilling Unit VC-535874;
- (2) Net interests attributable and to be disbursed to Applicants are shown in **Table 1**,

VGOB Approved Disbursement		Frac	Acreage	Split	Escrowed	% of
VGOB-04-0921-1336-01 Disbursement		Interest	Interest	Agreement	Acres	Escrowed Funds
VC-535874			Disbursed		Total	
<b>Table 1</b>						
<b>Disbursement Table</b>						
Tract	<b>Tract 4</b>					
	Totals				3.6600	
		3.66				
4	Range Resources-Pine Mountain Inc / Attn: Jerry Grantham / PO Box 2136/ Abingdon, VA	1	3.66000000	0.0%	-	<b>0.0000%</b>
4						
4	Denver C. Barton, Jr. and Amanda S. Barton / 3395 Boyd Ridge Road / Vansant, VA 24656	1	3.66000000	100.0%	3.6600	<b>100.0000%</b>

## 6. **Relief Granted:**

For the reasons set forth in Paragraph 4 and 5 above, and based upon the Accounting and Table 1 above, the Escrow Agent is ordered to, within 10 days of receipt of this executed order to disburse funds for the unit and applicants detailed in Table 1 above.

Exhibit E to the Pooling Order, showing owners subject to escrow, is deleted and replaced with the Exhibit E attached to this order. Further, the Supplemental Order filed in this cause is hereby modified to delete the requirement that payments attributable to the conflicting coalbed methane gas ownership interests of those applicants indicated in Table 1 be deposited by the Unit Operator into the Escrow Account, and, because there are other owners subject to escrow under the Supplemental Order, the Escrow Agent is directed to close the Escrow Account for Subject Drilling Unit. To the extent not specifically granted herein, any other or further relief is denied.

## 7. **Conclusion:**

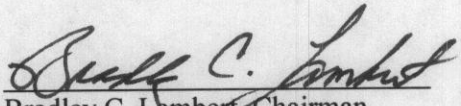
Therefore, the requested relief and all terms and provisions set forth above in Paragraph 6 above be and hereby are granted and **IT IS SO ORDERED.**

## 8. **Appeals:**

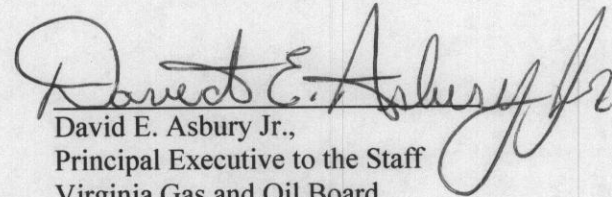
Appeals of this Order are governed by the provisions of Va. Code § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated by the State Corporation Commission is a party in such action, the court shall hear such appeal de novo.

9. **Effective Date:** This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 17 day of May, 2011 by a majority of the Virginia Gas and Oil Board.

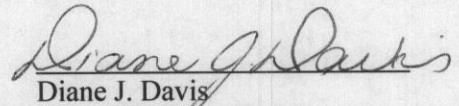
  
Bradley C. Lambert, Chairman  
Virginia Gas and Oil Board

DONE AND PERFORMED this 17 day of May, 2011 by an Order of this Board.

  
David E. Asbury Jr.,  
Principal Executive to the Staff  
Virginia Gas and Oil Board

**COMMONWEALTH OF VIRGINIA )**  
**COUNTY OF WASHINGTON )**

Russell  
Acknowledged on this 17th day of May, 2011, personally before me a notary public in and for the Commonwealth of Virginia, appeared **Bradley C. Lambert**, being duly sworn did depose and say that he is the Chairman of the Virginia Gas and Oil Board and **David E. Asbury Jr.**, being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

  
Diane J. Davis  
Notary Public #174394

My commission expires: 09 / 30 / 2013







VIRGINIA:

BEFORE THE VIRGINIA GAS AND OIL BOARD

APPLICANTS: EQT Production Company on behalf of Denver C Barton, Jr. and Amanda S Barton and Range Resources-Pine Mountain Inc.

DOCKET NUMBER: VGOB 04/09/21-1336-01

RELIEF SOUGHT: Supplemental Order for Disbursement of Escrowed Funds on behalf of Denver C Barton, Jr. and Amanda S Barton and Range Resources-Pine Mountain Inc.

LEGAL DESCRIPTIONS: Drilling Unit Number 535874 created by Board Order Dated February 15, 2005, VGOB 04/09/21-1336 in Buchanan County, Virginia.

HEARING DATE: May 17, 2011

MISCELLANEOUS PETITION

1. Party: Applicants herein are Denver C Barton, Jr. and Amanda Barton, (hereinafter "Plaintiffs), whose address is 3395 Boyd Ridge Road, Vansant, VA 24656; and Range Resources-Pine Mountain Inc. , (hereinafter "Plaintiffs), whose address is P.O. Box 2136, Abingdon, VA 24212.
2. Facts:
  - a. EQT was designated as the Operator and Applicants interests were Pooled in the 535874 Unit by Order of the Virginia Gas and Oil Board (hereinafter "Board") executed on February 15, 2005, pursuant to Docket No. VGOB 04/09/21-1336 and recorded in the Circuit Court Clerk's Office Buchanan County, Virginia on February 18, 2005, Book 312 (hereinafter "Order").
  - b. The Order and Supplemental Order required the Escrow Agent named and appointed therein to establish an interest-bearing escrow account for funds pertaining to the above-referenced Unit and subject to escrow pursuant to the terms of the Order.
  - c. The Order and Supplemental Order further required the Operator to deposit bonus and royalty payments with the Escrow agent which could not be made because the person(s) entitled hereto could not be made certain due to conflicting claims of ownership.

- d. Range Resources-Pine Mountain, Inc. was a conflicting claimant with the above-listed Plaintiffs with regard to Tract 4 as created by Board Order as VGOB 04/09/21-1336 is the applicable Tract.
- e. To resolve this conflict, a Letter dated March 11, 2011, signed Jerry Grantham, Vice President of Range Resources-Pine Mountain, Inc. is attached hereto and incorporated herein as Exhibit "A".
- f. The amounts deposited with the Escrow Agent regarding the Unit need to be determined and distributed accordingly.
- g. Any escrow amount, not yet deposited into the escrow account, held by Operator should also be determined, and distributed to Applicants/Plaintiffs herein, accordingly.
- h. Applicants/Plaintiffs herein do hereby request that the Board enter amended supplemental order for the Unit directing the Escrow Agent and the Operator to disburse to the aforesaid Plaintiff the funds attributable to the previous conflicting claim with Pine Mountain, held in escrow for the VGOB number as listed above.
  - 1. The Applicants certify that the matters set forth in the application, to the best of their knowledge, information, and belief, are true and correct and that the form and content of the Application and conform to the requirements of relevant Board regulations and orders.
  - 2. Legal Authority: Va. Code Ann. §45.1-361.1 et seq., 4 VAC 25-160, and such other regulations and Board orders promulgated pursuant to law.
  - 3. Relief Sought: Applicants request that the Board issue amended supplement order amending all prior orders affecting the Unit which amended supplement order will provide as follows:
    - a. Determining the amount of funds attributable to the Applicants/Plaintiffs herein.
    - b. Directing the Escrow Agent to determine the amount of funds attributable to Applicants/Plaintiffs herein, provide an accounting hereof, and disburse the funds on deposit with the Escrow Agent, including any applicable interest, pertaining to the interest in the Unit shown above for distribution.
    - c. Directing the Operator to determine the amount of funds attributable to the Applicants/Plaintiffs herein, provide an accounting thereof, and disburse the units in its hands, if any, subject to escrow but not then on deposit with the Escrow Agent, including any applicable interest, at the time of the Supplemental Order requested therein is executed, attributable to the Applicants/Plaintiffs herein for distribution.



- d. Directing the Operator to disburse the funds, including any applicable interest, and provide an accounting thereof, which it may receive after the date of the execution of the amended supplemental order requested in the Application, if any, attributable to the Applicants/Plaintiff herein, and to discontinue the payment of such funds into Escrow.
- e. Granting such other relief as is merited by the evidence and is just and equitable whether or not such relief has been specifically requested herein.

Dated this 15th day of April, 2011.

By: 

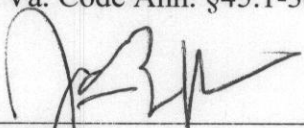
Petitioner

Address:

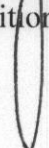
Wilhoit & Kaiser  
220 Broad St, Ste. 301  
Kingsport, TN 37660

**CERTIFICATE**

The foregoing application to the best of my knowledge, information and belief is true and correct. Notice was given pursuant to Va. Code Ann. §45.1-361.19.

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Petitioner  






**RANGE RESOURCES**

March 11, 2011

Mr. Denver C. Barton, Jr.  
Mrs. Amanda S. Barton  
3395 Boyd Ridge Road  
Vansant, VA 24656

Re: **Permanent Release of CBM Royalty  
Well VC-535874; Buchanan County, Virginia**

Dear Mr. and Mrs. Barton:

As you are aware, EQT Production Company ("EQT") has drilled the above-referenced coalbed methane gas well on a 30 acre tract ("Subject Tract") under a pooling order from the Virginia Gas and Oil Board ("Board"). In the pooling order, we are listed as having conflicting claims. Range Resources - Pine Mountain, Inc. ("RRPM") is listed as claiming under a coal title, and you are listed as claiming under a gas title. The plat indicating the location of the well within the operating unit is enclosed for your reference.

EQT, as operator of the unit, has placed or will place all royalty proceeds attributable to conflicting claims into an escrow account. In order to allow release of the royalty proceeds, RRPM hereby waives any claims to past or to future royalties attributable to your interest in this well.

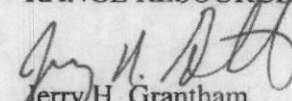
By copy of this letter, RRPM is requesting EQT to initiate distribution directly to you of all current royalties, as well as all future royalties, attributable to your interests in this well.

Please be advised that EQT may require that you demonstrate that you are the current owner of the gas estate subject to the pooling order. You should work directly with EQT on that issue.

If you have any questions, please do not hesitate to call me at 276-619-2584

Sincerely,

RANGE RESOURCES-PINE MOUNTAIN, INC.

  
Jerry H. Grantham  
Vice President

Enclosure

cc: Kristie Shannon, EQT  
Rita Barrett, EQT  
E. Strouth, EQT  
Debbie Louthian, RRPM

Range Resources - Pine Mountain, Inc.  
406 W. Main Street

P. O. Box 2136

Abingdon, VA 24212

Tel. (276) 628-9001

Fax (276) 628-7246

Abingdon: 779828-1

9

Well Coordinates: (Geographic N27)  
37.137757° -82.112257°

Latitude 37° 10' 00"

Longitude 82° 05' 00"

Lease No. 244792L / TC-241  
106.42 Acres  
ACIN LLC - coal  
Alpha Land & Reserves LLC - coal lessee  
WBRD LLC - coal  
Dickenson-Russell Coal Company LLC - coal lessee  
Denver C. Barton, Jr. - oil & gas  
Pine Mountain Oil & Gas, Inc. - CBM  
Gas 3.66 Ac. 6.23%

Lease No. 245078L / Tr.-10  
Joseph F. McGuire, et al -  
coal, oil & gas  
103 Acres  
Gas 6.09 Ac. 10.36%

Lease No. 245324L  
Bernice Nadeen Breeding -  
coal, oil & gas  
20.1 Acres  
Gas 10.96 Ac. 18.65%

Lease No. 244790L  
Dennis Associates, Inc. - 1/3 int. coal, oil & gas  
P/O 248.4 Acres

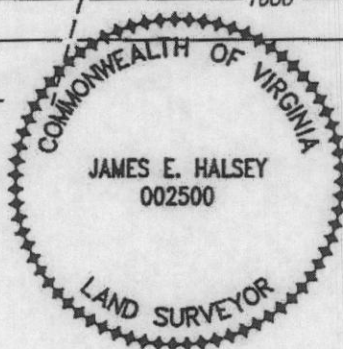
Julia Breeding Heirs - 1/3 int. coal, oil & gas  
Vince Breeding Heirs - 1/3 int. coal, oil & gas  
Gas 38.06 Ac. 64.76%

Well Coordinates: (VA St. Plane S. Zone,  
Calculated from CCC coordinates)  
N 313,017 E 947,290

Well Coordinates: (Clinchfield Coal Co.)  
N 13,765.31 E 79,093.92

Well elevation determined by GPS  
survey from BM MCD 229

Area of Unit = 58.77 Ac.



WELL LOCATION PLAT

COMPANY Equitable Production Company WELL NAME AND NUMBER VC-535874  
TRACT NO. Lease No. 244790L ELEVATION 1,638.93' QUADRANGLE Vansant  
COUNTY Buchanan DISTRICT Hurricane SCALE 1" = 400' DATE 8-12-2004

This Plat is a new plat x; an updated plat       ; or a final location plat       

+ Denotes the location of a well on United States topographic Maps, scale 1 to 24,000, latitude and longitude lines being represented by border lines as shown.

James E. Halsey  
Licensed Professional Engineer or Licensed Land Surveyor



# EXHIBIT "EE"

VC-535874

<u>TRACT</u>	<u>LESSOR</u>	<u>LEASE STATUS</u>	<u>INTEREST WITHIN UNIT</u>	<u>GROSS ACREAGE IN UNIT</u>
<u>Gas Estate Only</u>				
4	Denver C Barton Jr Amanda S Barton 3395 Boyd Ridge Road Vansant, VA 24656		6.230000%	3.6600
Total			6.230000%	3.6600
TOTAL SUBSEQUENT TO RR-PM Royalty Waiver			6.230000%	3.6600

VGOB 04/09/21-1336

VC-535874

*Revised  
5/16/11*

TRACT NO.	OWNER NAME and ADDRESS	SPLIT %	OWNER NET INTEREST	TOTAL NET ESCROW INTEREST	TOTAL AMOUNT IN ESCROW 3/31/2011 Bank Total - \$9,405.91 Equitable Total - \$9,018.89	OWNER % IN ESCROW 3/31/2011 100.00000000%	OWNER AMOUNT IN ESCROW 3/31/2011 \$9,405.91 \$9,018.89
4	Denver C Barton Jr. Amanda S Barton 3395 Boyd Ridge Road Vansant, VA 24656	100%	0.00778750	0.00778750			

INSTRUMENT #110001977  
RECORDED IN THE CLERK'S OFFICE OF  
BUCHANAN COUNTY ON  
AUGUST 11, 2011 AT 02:15PM

BEVERLY S. TILLER, CLERK  
RECORDED BY: GGB



## Hagy, Sharon (DMME)

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**From:** VITASHARE System [vitashare@vita.virginia.gov]  
**Sent:** Thursday, August 18, 2011 1:44 PM  
**To:** Hagy, Sharon (DMME)  
**Subject:** New Transaction DCU8UPCKFBAPEHWO

Transaction details for Sharon Hagy(user shagy\_1) \_\_\_\_\_

Job Id: DCU8UPCKFBAPEHWO

Date: Thu, Aug 18, at 13:43

### Transaction Details:

Acknowledge Security Policy: I understand that this system is not intended for sensitive data.

Recipient's Email example- user1@virginia.gov, user2@virginia.gov:

ATolman@eqt.com, dldavis@firstbank.com, gloria.clark@dmme.virginia.gov, KShannon@eqt.com, sep@wilhoitandkaiser.com

Message - Describe file attachment: Please see the attached recorded Disbursement order for docket 1336-01. Thank you, Sharon Hagy sharon.hagy@dmme.virginia

Notify me when the file is downloaded?: Yes

Pin: 83410

### Files:

1336-01\_Disbursement.tif

View details here

<<http://vitashare.vita.virginia.gov/fcweb/viewJobLink.do?JOBIDX=DCU8UPCKFBAPEHWO>>

Total Estimated File Size: 221 KB

Total Number of Files: 1

Estimated Upload Time: 00:00:42



8001336 - VC535874

Trade Date 08/19/2011

Settlement Date 08/19/2011

Time Modified 08/18/2011

Description VGOB Docker # 04-0921-1336-01 Well:  
VC535874 Tract 4

Payee Denver Clair Barton, Jr.

FBO Denver Clair Barton, Jr.

Tax Year 2011

Transaction Type Distribution Per Virginia Gas &amp; Oil Board

Less:

Check Number 26016

Gross Distribution \$9,668.81

Net Distribution \$9,668.81

8001336 - VC535874

Trade Date 08/19/2011

Settlement Date 08/19/2011

Time Modified 08/18/2011

Description VGOB Docker # 04-0921-1336-01 Well:  
VC535874 Tract 4

Payee Denver Clair Barton, Jr.

FBO Denver Clair Barton, Jr.

Tax Year 2011

Transaction Type Distribution Per Virginia Gas &amp; Oil Board

Less:

Check Number 26016

Gross Distribution \$9,668.81

Net Distribution \$9,668.81

THIS DOCUMENT HAS A MULTI-COLORED FACE THAT CHANGES COLOR GRADUALLY.

SEE LIST OF SECURITY FEATURES ON THE BACK. DO NOT CASH UNLESS ALL ARE PRESENT.



8001336 - VC535874

TRUST DIVISION  
1108 E. STONE DRIVE • P.O. BOX 3860  
KINGSPORT, TN 37664  
(423) 245-6971

08/19/2011

68-446  
514

CHECK NO. 026016

\$9,668.81

Nine thousand six hundred sixty eight and 81/100

Dollars

PAY TO THE ORDER OF

DENVER CLAIR BARTON JR  
3395 BOYD RIDGE ROAD  
VANSANT VA 24656

⑈026016⑈ ⑆051404464⑆ 2001 004 7⑈